National sales mgr. named by NHCN; 3 editors upped

Hybert

Puchalski

NEW YORK—Arthur Anderman, publication director of *National Home Center News*, has named a new national sales manager and announced the promotion of three editors.

Sidney Hybert, formerly Midwest sales manager, and a sales representative with *NHCN* since its founding in 1975, has been appointed national sales manager. Hybert, 48, has been with Lebhar-Friedman since 1964 and will now be based in New York.

On the editorial side, Greg Puchalski was promoted to senior editor/special projects; Kenneth Schept to senior editor/merchandising; and Alison Wachtler to research editor.

Greg Puchalski, 30, has reported on the home center industry for five years at *NHCN* following three years work as a daily newspaper reporter for *The Greenwich Time* in Connecticut. His new responsibilities include directing special *NHCN* industry reports and research. A journalism graduate of Fordham University, Puchalski is currently working for his M.B.A.

Schept

Wachtler

Ken Schept, who joined *NHCN* in May of 1981 after working for the *National Law Journal*, will expand *NHCN*'s coverage of lumber and building materials in the DIY market. A graduate of American University, with a masters degree from Columbia University, Schept, 35, will also develop *NHCN*'s coverage of the housing and home repair and remodeling market.

Alison Wachtler, 23, an editorial assistant since June, will take over *NHCN*'s personnel coverage and price surveys. Wachtler is a graduate of Skidmore College and wrote for the *Progressive Media Journal* prior to joining *NHCN* in February 1981.

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C.P.S.C. extends deadline on ban

WASHINGTON—The Consumer Product Safety Commission (C.P.S.C.) has extended until Feb. 15 its deadline for deciding whether to ban urea-formaldehyde foam insulation.

The agency has been studying the harmful effects of the formaldehyde gas which is released from the insulation after it is installed in walls.

Two main reasons were given for the extension: the agency's need to analyze a large volume of comments from the public and its desire to have the results of on-going research.

C.P.S.C. has invited additional public comment on the revised estimate of the health risk and on the economic impact of a ban.

Plastic demand to double by '95

CLEVELAND—Demand for plastic pipe will double by 1995, accounting for more than 50% of the United States pipe market, up from its current 36% market share.

Predicasts Research Group said demand for all types of pipe will increase to 8.5 billion ft. by 1995, a 3.2% annual rate of growth from last year's total of 5.3 billion ft.

Plastic pipe demand is expected to grow at a rate of 5.5%, to 4.3 billion ft. by 1995, compared to 1.9 billion ft. in 1980.

The expected increase in demand for plastic piping, the study noted, is based on plastic's ability to resist corrosion better than some other materials, and its ease of installation.

Altogether, shipments of plastic pipe and fittings are expected to rise to over $13 billion in 1995, from $1.8 billion in 1980, in part because of anticipated surges in the prices of various resins, the study said.

Polyvinylchloride, or PVC, will account for over 60% of the resins used in plastic piping by 1995, the study noted.

Polybutylene, which is suitable for a wide range of industrial uses because of its flexibility and resistance to heat distortion, will show the fastest growth among competing resins.

U.S. plastic pipe demand

	1980	1995	% annual growth
Total pipe demand (million ft.)	5,322	8,500	3.2
% plastic	36.3	50.8	
Total plastic pipe (million ft.)	1,922	4,321	5.5
Plastic pipe by resin (million lb.)	2,827	7,015	6.2
PVC	1,943	4,645	6.0
CPVC	7	60	15.4
Polybutylene	2	120	31.4
Polyethylene	573	1,060	4.2
ABS	111	215	4.5
Rinforced thermoset	167	780	10.8
Other	24	135	12.2

Source: Predicasts Research Group, Cleveland

American Express makes pitch

(Continued from page 3)

Express described it as "highly successful," implying many people were using American Express cards at the chains.

Larry Nichols, vice president, promotional items for the six Brookhart Building Centers, Colorado Springs, said that his chain is experimenting with the American Express card on an "open ended" basis.

"It gives us a little more flexibility," said Nichols who said that measuring would be done early this year to determine if the experiment would continue.

"One negative factor is the long turnaround time. Bank cards are like money but American Express receipts must be sent to an operations center for payment which takes 14 days," Nichols said.

Phil Deutch, president of Harry's Hardware, a five-unit home center chain in New Orleans, said that his company has been accepting American Express cards for 1½ years.

'Some potential'

"We haven't had many customers using the card," he said. "We just added it as a convenience for the minority of our customers who might have the card. It probably has some potential for payment on big ticket items."

Deutch complained about the 4½% interest charged retailers and the two-week turnaround time. "That waiting period is a real hassle for the retailer," he said.

Centennial Home Centers president Ray Noden was one home center executive pleased with his American Express card experience.

"We were one of the first home centers in the area to accept the card, in response to a demand from a great many of our customers," Noden said.

"It's been a very successful arrangement, not as successful as our MasterCard or Visa arrangements but a good one nevertheless."

In 1980 the two-store Glen Riddle, Pa.-based chain did $24,000 in American Express transactions, which improved to $30,000 during 1981. Total MasterCard/Visa transactions accounted for a $300,000 sales volume last year.

Like many retailers, Noden complained of the 4½% interest fee charged by American Express. However, an agreement with a local bank has reduced the turnover period from 14 to three days.

American Express charges interest according to an escalating scale from 3½% up to 4½%, related to turnover period and volume of business. Those participants opting for a 30-day turnover are charged a 4% rate. Most middle-volume retailers choose the 14-day turnover, with a corresponding 4½% rate.

Shelley Wollinsky, American Express card division vice president retail marketing, remains convinced there is a "real demand" from "upscale" American Express card holders for the card to be honored at home centers.

"Today's affluent consumer shops at a variety of outlets in order to satisfy his leisure time needs," Wollinsky said. "Home centers are an important supplier of leisure time products and our card holders want access to such outlets."

Although American Express might be feeling some pressure from its card holders to add home centers to its family of retailers, home center executives surveyed generally found little demand for adding American Express.

Wegman taps Chase head

(Continued from page 3)

Webber, an employee for five years, has become the new automotives/tool/hardware buyer, at the age of 22. The controller position has been filled by Jeff Gillette, Chase-Pitkin's accounting manager for the past two years and previously a Wegman's employee.

Vetere would not comment on any new direction the chain might take, but Yehl noted that, as general manager, he would pursue the same merchandising strategies set forth by Tobin, whom he called a "merchandising genius."

No comment

Robert Wegman, chairman of Wegman's, would not comment on the shift in Chase-Pitkin's executive ranks. It it believed, however, that Vetere was considered by the corporation to be more capable in directing the company through the 1980's than Tobin. The fact that Tobin is Wegman's son-in-law apparently had no impact on the decision.

Tobin received much credit for the company's past success, but he was faulted for his occasional impulsiveness and, at times, his adversary working relationships with buyers and managers, according to current and past employees.

While industry observers raise the question of whether Tobin's departure has set the stage for Wegman's to sell the chain, Yehl insisted there were no such plans, although he conceded that rumors that Chase-Pitkin might be sold to W. R. Grace have been circulating around the company for over a year.

"Bob Wegman himself squelched those rumors," Yehl explained. "And we are continually looking to expand the company, which isn't something a chain that is on the block is wont to do."

He added that the company plans to add a store next year by moving into one of the largest shopping malls in upstate New York, currently being built in Henrietta, N.Y.

The myriad personnel changes made at Chase-Pitkin may mean that Wegman's will be keeping a tighter rein on company operations, but most observers feel actual alterations in the chain's personality will be minimal.

One former buyer put it best when he said "Chase-Pitkin's reputation as a home center chain will more than make up for any short-term merchandising or personnel deficiencies."

Hechinger's 3rd-qtr. net gains 29%

LANDOVER, Md.—Comparable store sales at Hechinger units increased 12% during the company's third quarter ended Oct. 31, company officials said. The figure compares with a 14% gain in comparable store sales for the first nine months of Hechinger's fiscal year.

Overall, the 31-store chain reported that net earnings in the third quarter increased 29% to $2,180,973 on a sales increase of 26% to $54,419,635 as compared to the third quarter a year ago.

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FINANCIAL NEWS

Goldsmith revises offer to merge with Diamond

NEW YORK—Sir James Goldsmith, chairman and chief executive officer of Generale Occidentale, S.A., is working aggressively to secure a merger between his holdings and Diamond International, which operates 120 home centers.

Following an announcement that he and Diamond chairman and ceo William J. Koslo had begun discussions about a Goldsmith-affiliated company acquiring all of Diamond's outstanding stock (*NHCN*, Dec. 7, 1981), the British financier presented a merger proposal but, apparently feeling it was inadequate, then offered a revised merger format.

Goldsmith's latest suggestion would yield $44.50 in cash to Diamond stockholders for each share they surrender.

The original offer provided for $21 in cash and debentures valued at another $21 for each Diamond share.

Diamond officials said their directors, who are not Generale Occidentale designees, and analysts at Bear Stearns & Co., New York, will review the proposal. Finally, 85% of Diamond's stockholders must approve the merger.

Cavenham Holdings, a unit of Generale Occidentale controlled by Goldsmith, owns about 40% of Diamond's 13.7 million shares already.

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Dart Drug	10/31-3rd qtr.	$ 66,743	$ 62,558	7	$ 510	$ 109	368
The Home Depot	11/1-3rd qtr.	13,715	5,647	143	– 145	220	—
Lowe's	11/28-4 wks.	62,700	71,500	– 12	—	—	—
Pay 'N Pak	11/30-3rd qtr.	51,699	41,255	25	2,079	1,783	17
Peavey	10/31-1st qtr.	195,755	208,971	– 6	4,387	6,979	– 37

*$ in thousands

Home Depot net dips in 3rd qtr.

ATLANTA—Nonrecurring expenses of $603,162 connected with the opening of four stores in the Miami-Fort Lauderdale area contributed to a $144,611 net loss for The Home Depot in its third quarter ended Nov. 1, according to chairman and ceo Bernard Marcus.

The financial results were the first quarterly figures issued by the eight-unit chain since it went public last September.

The Home Depot's sales, covering its four units in Atlanta and two of the Florida stores opened during the quarter, totaled $13,715,018.

Preopening store expenses for the first three quarters of the fiscal year totaled $774,721.

Marcus reported, however, that net earnings for the company in the first three quarters were $807,128, including a $234,265 reduction in income taxes from the carryover of the previous year's operating losses. The Home Depot's sales for the period were $32,333,195.

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STOCK PRICES

Companies with predominant home center sales

	As of 12/9	As of 12/16
Lowe's (NYSE)	12⅛	12⅛
Payless Cashways (NYSE)	17¼	18⅛
Scotty's (NYSE)	18½	18⅛

Over-the-counter stocks

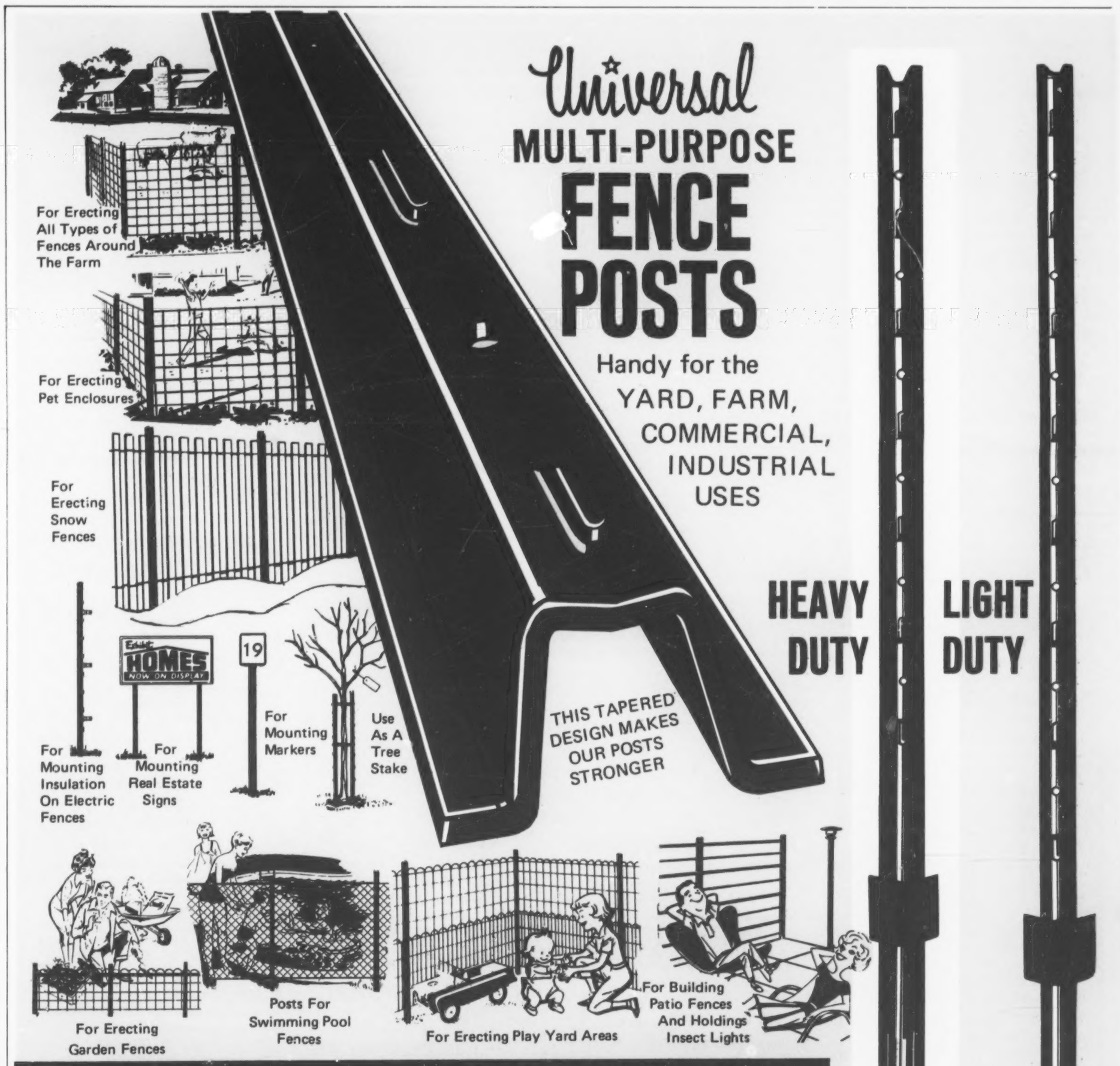
	As of 12/16 Bid	Asked
Erb Lumber	9¾	11¼
Hechinger	17¼	17½
The Home Depot	17¾	18¼
Pay 'N Pak	14½	14⅞
Wolohan Lumber	3¼	3⅝

Companies with significant home center sales

	As of 12/9	As of 12/16
Action Industries (AMEX) [Action Home Centers]	2⅝	2⅝
American Maize Products (AMEX) [Lloyd Lumber, Lundy-Briggs]	10	10⅜
Boise Cascade (NYSE)	35⅞	34⅜
Cyclops (NYSE) [Busy Beaver]	27¾	27¼
Diamond Int'l (NYSE)	36	37
Edison Brothers (NYSE) [Handyman, Homer's]	25	25¼
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	19⅜	18¾
Forest City (AMEX)	13⅜	13¼
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	44¾	44¾
Interco (NYSE) [Central Hardware]	49⅞	48½
Peavey (NYSE) [Fish, Peavey/Thunderbird]	20½	20
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	16½	16⅝
Supermarkets General (NYSE) [Rickel]	19⅝	20⅛
Union Camp (NYSE) [Homecrafters]	49¼	50½
Wickes (NYSE) [Wickes Lumber, Builders Emporium]	9½	9

Over-the-counter stocks

	As of 12/16 Bid	Asked
Dart Drug	11¼	11⅝
Hines Lumber	16	17



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Brisk repair biz pulls dealers out of the cold

NATIONAL REPORT—The extraordinary weather that brought record-breaking cold to the North and blanketed the Sunbelt in ice and snow had a chilling effect on January home center sales, although certain items moved briskly as customers faced emergency repairs or last-minute winterizing.

Retail business was off 50%-60% in Buffalo, where Valu Home Center closed half of its stores after a 25-in. snow fall. In Atlanta, where icy conditions virtually closed the city, retail sales at Lowe's were off by about the same percentage, while contractor business came to a halt.

With a wind-chill factor of −81° in Chicago, Gee Lumber, with 11 stores in that market, experienced higher traffic than normal, but sales at or below last year's level, as customers selected quick-repair goods.

Even Florida retailers felt the winter's bite.

"The sheer discomfort of the cold was restricting those who were shopping," said Ray Cooney, president of Scotty's, Winter Haven, Fla. "Over the longer range, the citrus crop is hurt and it'll cut into sales of those goods, reducing the cash flow here and putting another barb in the side of the economy."

The storm clouds were not without a silver lining, however, as certain sales were stimulated by the unusual weather. While average tickets were down at Courtesy Home Centers' four Chicago stores, "We were selling things for the first time in years, including snow blowers and kerosene heaters," noted Zangwill Murlies, Courtesy vice president.

Snowblower sales were described as decent at 31-store Busy Beaver, Pittsburgh, but not strong enough to completely clear out the leftover inventory from last year, said Tom Herward, marketing vice president. Although the storm struck in the middle of a major Busy Beaver promotion, fears of empty stores proved unfounded.

"Sales are actually ahead of last year despite the weather," Herward said.

At Chicago's Gee Lumber

(Continued on page 50)

NEWSBREAKS

LIKE FATHER, LIKE SON. Jim Cohen, vice president of 30-unit, $180 million Central Hardware, St. Louis, will assume the position of president on March 1. The post was vacated when his father, Stanley, who has been with Central for over 40 years, and has been president since 1957, was named chairman of the board.

NEW AFFILIATION. Dana Allen, vice president of Affiliated Home Centers, Kansas City, Mo., has joined with the firm's controller Elmer Rump Jr. to form Affiliated Building Centers. The new company has purchased interests and formed partnerships with store managers at four existing Affiliated Home Centers and plans to be "a growth company," said Allen. Allen and Rump will also continue to work for Affiliated Home Centers.

Northern California, plagued by massive damage from floods and mud slides, is relying on Federal aid to help finance repairs and reconstruction. Wide World photo

Sales surge expected as Californians dig out

SAN FRANCISCO—Bill Gilbert paused a moment before answering the question: "It's a tough way to have an increase in business, but yeah, sales should be pretty good from now on."

Gilbert, co-owner of Scarborough Lumber and Building Supply was referring to the almost inevitable upsurge in business many area home center operators are expecting as the result of a torrential rain storm that devastated areas of northern California early last month.

The deluge was one of several violent storms which swept in the new year around the country.

Scarborough is a three-unit home center chain headquartered about 70 miles south of here in Santa Cruz. The area was one of the hardest hit by the two-day storm that dropped up to 16 in. of rain on a 150-mile stretch of coastline around San Francisco.

The resulting floods and mudslides made the storm one of the worst and most tragic ever for the San Francisco Bay Area. President Reagan declared five counties major disaster areas, enabling them to receive Federal aid.

While the loss of life and property was still being calculated at presstime, preliminary reports estimated damage at $250 million, with 36 persons dead and several still missing.

(Continued on page 50)

Young employee response lags

Crunch ahead for pension plans

By John Caulfield
NHCN field editor

NATIONAL REPORT—Home center executives, faced with mounting costs to support company pension plans, are concerned about the growing disinclination among young employees to contribute toward long-range benefit programs.

This concern is focused on the rapidly swelling expense of meeting benefit obligations to retired workers, an expense which is growing faster than the rate of contributions from younger workers.

Even the new tax benefits from Individual Retirement Accounts are attracting little attention from home center employees, according to retailers, and there seems to be scant encouragement for management to set up IRA payroll deduction plans.

The question of how companies should help young employees prepare for their future is becoming increasingly difficult to answer.

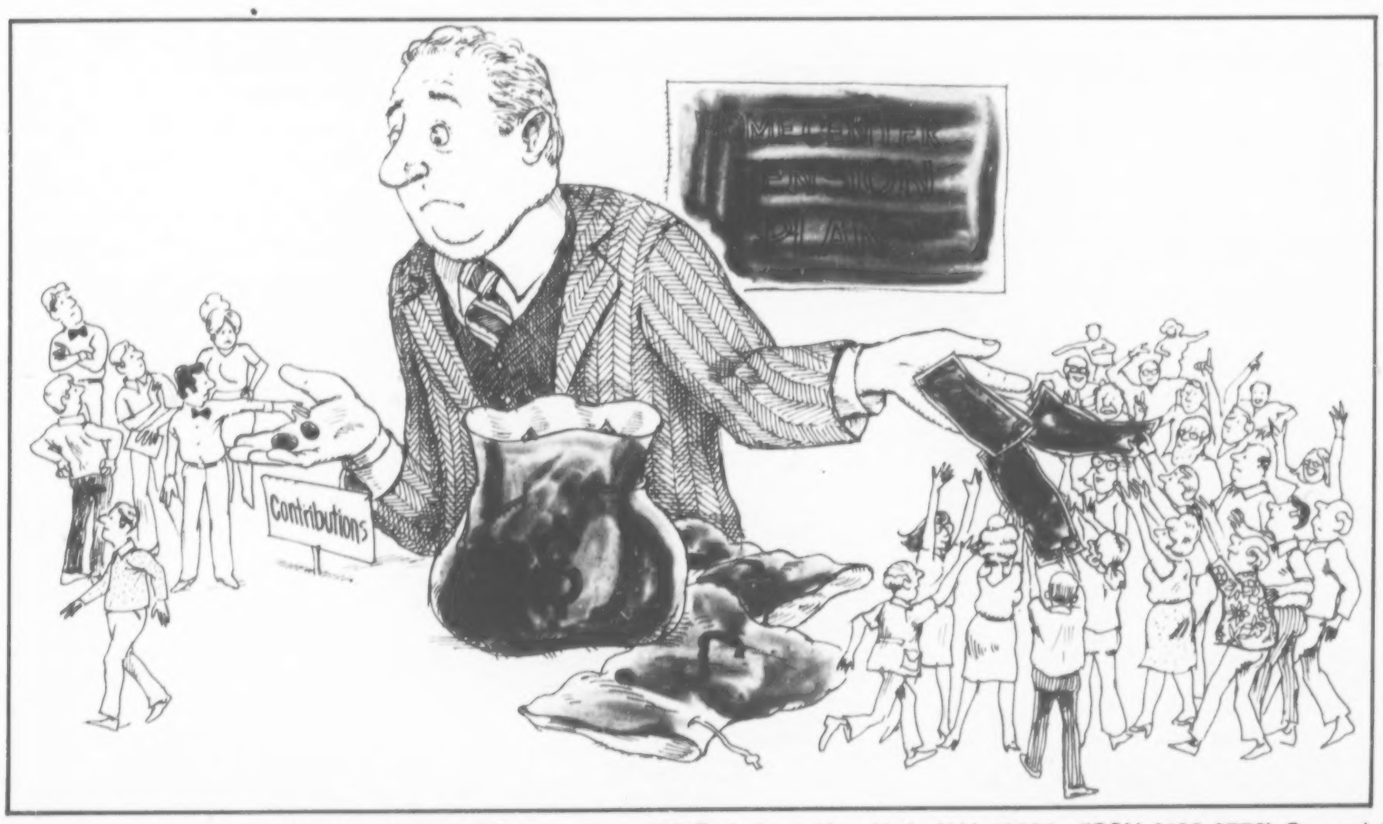
"Who knows where Social Security will be in 10 years," said Wendall Smith, director of personnel for Neiman-Reed, the 13-unit, $54 million Sherman Oaks, Calif., chain. "But it's awfully hard to convince young people they need to protect themselves for the future."

Several other home center chains have also pointed to this mood as the main reason why any plans to establish an employee IRA program have been put on hold.

The viability of company-supported pension funds, however, has also recently come into play, as these plans become more expensive and difficult to control.

In 1980, the 34 retail companies among the Fortune 500 reported that pension costs as a percentage of pretax profits rose from 13.5% in 1979 to 16.4%, according to a study conducted by the New York-based

(Continued on pdge 48)



NAHB blasts Reagan policy as Federal deficit mounts

BOSTON—The National Assn. of Home Builders, a long-time supporter of the Administration, has stepped up its criticism of Reagan housing policy and increased its political action war chest to $2.3 million, compared with $38,000 just four years ago.

NAHB dissatisfaction is focused on the size of the Federal deficit, which siphons money from the mortgage market. For every $10 billion in deficit, $2.5 billion in mortgage money is sacrificed, according to outgoing NAHB president Herman Smith.

Within the next two months Presidential economic advisers must either change their thinking on economic policy or convince the economic community that they are right, if recovery is to occur, Smith told members of the Northeastern Retail Lumbermens Assn., meeting here last month. He was not optimistic.

"Although we have a lot of friends in the Administration, we have more that care less about housing than I have seen in a long time," Smith said.

For more on the NRLA show, see page 4.

Housing productivity has lead the nation out of six recessions since World War II, according to Smith. But with one expert expecting starts to fall

(Continued on page 4)

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